

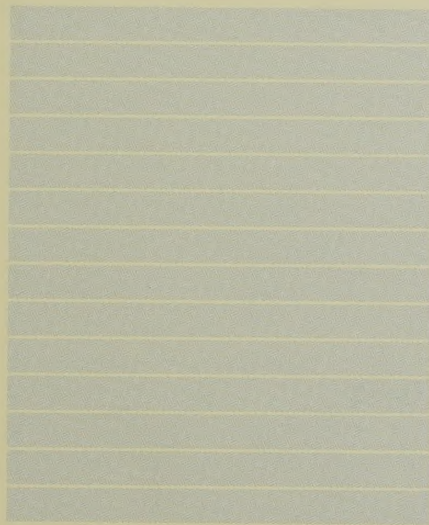
URBAN/MUNICIPAL

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1987

75th



ANNUAL REPORT



URBAN MUNICIPAL

AUG 29 1988

GOVERNMENT DOCUMENTS



THE HAMILTON HARBOUR COMMISSIONERS

Act 2, George V, Chapter 98
assented to the first day of April, 1912.

THE PORT OF HAMILTON since the proclamation of its Act has been governed, managed and guided through the years by Harbour Commissioners, willing to give of themselves in the spirit of community service.

The Ports' growth and importance as part of Canada's national ports and transportation system is the direct result of the dedication, expertise and wise leadership of these individuals. It is fitting that these Harbour Commissioners be recognized on the occasion of the Ports 75th anniversary.

Therefore, the present Board of Commissioners in this 75th Annual Report have taken the opportunity to list those Commissioners who served before them and to whom we are indebted for their past contribution to the growth and prosperity of the port.

BOARD OF COMMISSIONERS, 1987

J. L. Agro, Q.C.
P. G. Lush
R. L. Bartolotti

PAST COMMISSIONERS (YEAR APPOINTED)

G. J. Guy (1912)
H. S. Wallace (1912)
Wm. J. Clark (1912)
A. C. Garden (1916)
W. Ainslie (1922)
J. Newlands (1922)

W. B. Sheppard (1922)
G. P. Smith (1928)
G. C. Coppley (1930)
F. J. Wilkinson (1930)
D. Martin (1930)
R. H. Yeates (1931)

A. G. Gaul (1934)
E. H. Corman (1936)
C. V. Langs (1936)
T. L. McCombs (1940)
L. C. Flaherty (1947)
J. L. Stewart (1948)

R. G. L. Harstone (1949)
P. J. McCulloch (1950)
Argue Martin (1958)
J. E. McLean (1958)
E. D. Hickey (1964)
J. A. Lanza (1964)

K. R. Elliott (1964)
B. M. Alway (1972)
Edward Tharen (1974)
P.T. Flaherty (1974)
Ian Deans (1979)



R.R. Hennessy (Seated), J.L. Agro (Standing).

MESSAGE FROM THE CHAIRMAN AND PORT DIRECTOR

NINETEEN EIGHTY SEVEN will be remembered as a milestone year for the Port of Hamilton. It was a year where we reflected upon past accomplishments and also where we laid the foundations for future growth. We are referring to the celebration of our 75th anniversary, a time to reflect and to the grand opening of our East Port development, the cornerstone for further growth.

The Hamilton Harbour Commissioners were established by a special Act of Parliament in 1912. From a modest beginning of one wharf and 89,000 tonnes of cargo, the Port has grown to the point where we can boast of serviced shipping berths totalling over 7 miles in length. By 1987 total tonnage through the Port has climbed to 11.12 million tonnes, with some 1.158 million tonnes consisting of direct overseas shipments.

We do not dwell on our past record of achievements, the Port's facilities and operations speak for themselves. However, we would like to draw attention to the names of those members of the Commission on the first page of this report, for these men truly gave of themselves to build the Port of Hamilton. We owe them a great debt. It is fitting that they be recognized in this 75th edition of our annual report.

Navigation into the Port commenced on March 21st with the arrival of the M.V. "ENGLISH RIVER", to load cement for export. During the year a total of 820 commercial vessels discharged or loaded cargo at the Port. Ironically, the last vessel was also the M.V. "ENGLISH RIVER", which cleared port on December 30, officially ending the 1987 shipping season. Of special interest was the arrival in November, of the M.V. "GENERAL BONIFACIO" at the United Co-operative's terminal at Pier 12. This vessel marked the maiden voyage of an ocean-going self-unloader into the Port.

Expansion of Port facilities continued during 1987, with major efforts directed towards East Port. The first stage of Agrico Canada's 100,000 tonne fertilizer terminal was completed in November and received two overseas shipments prior to the close of navigation. Red-D-Arc Ltd., the first occupant of the Port's Industrial Park at Pier 25 commenced construction of their new facility in 1987.

The Commissioners were successful in 1987 in acquiring approximately 20 acres of land and waterlots at Pier 15 from J. I. Case Canada Ltd. This site will be upgraded and converted into a bulk shipping pier as part of the Port's overall development.

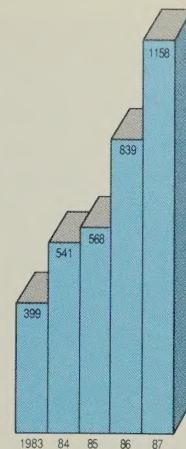
In 1987, the Port expended a total of \$5.7 million in capital projects and major acquisitions.

On the recreational front, we are pleased to report another successful season for the Leander Rowing Club, the Hamilton Yacht Club, the Burlington Boating and Sailing Club and the many other boating clubs and marinas that operate within the confines of the Port. The Commissioners' 235 boat Marina operated at

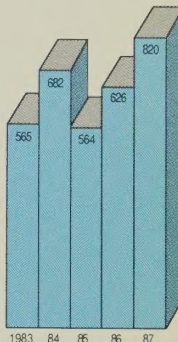
5 YEAR SUMMARY



Total Tonnage
(metric tonnes in millions)



Overseas Tonnage
(metric tonnes in thousands)



Vessel Arrivals
(number of ships)

full capacity. It is worthy of mention, on our anniversary, that the Commissioners' marina has been in operation since the 1930's and is still the only full service marina in the Western Lake Ontario area.

The Sailing School also experienced a very busy year; 2,750 students were enrolled at the school during 1987, a great number of whom would not have had opportunity to sail but for the Commissioners' School.

The Commissioners continued, in 1987, their support of such organizations as the American Association of Port Authorities, the Canadian Ports and Harbours Association and the International Association of Great Lakes Ports all of which represent the interests of the port community on common issues of national and international significance.

The Port of Hamilton Spill Control Group continued its operation in 1987, and we are pleased to report that the entire shipping season saw not one marine spill incident.

We are grateful for the on-going support and assistance from the Government of Canada and our neighbouring municipalities, whose co-operation is essential to the smooth operation of the Port. We are pleased to report that, in keeping with the Prime Minister's initiative for all Federal Commissions, the Port has implemented strict conflict of interest guidelines to assist Commissioners and staff alike when conducting Port business.

The Port's labour force worked with diligence and dedication during the year. A new four year contract between the International Longshoreman's Association and the Commissioners was signed in 1987. It is gratifying to be able to report such co-operation from the Port's workforce. We are optimistic that this support will result in greater customer confidence and increased business for the Port.

Finally, we would not be reporting increases in both tonnage and revenue were it not for the continuing dedication of the Port's maintenance, office and professional staff. This, when coupled with the on-going loyalty and support of the Port's shippers and industries; combined with the assistance provided by Commission members Peter Lush and Ray Bartolotti, accounts for the growth figures evidenced in these pages.

It is, therefore, fitting to end our remarks, in this the 75th annual report, with our recognition of and thanks to these people.

R. R. Hennessy
R. R. Hennessy, P.Eng.
Port Director

J. L. Agro
J. L. Agro, Q.C.
Chairman

FINANCIAL STATEMENTS

BALANCE SHEET

AS AT DECEMBER 31, 1987
(with comparative figures for 1986)

ASSETS		
CURRENT	1987	1986
Cash	\$ 676,594	\$ 293,306
Accounts receivable	1,242,564	2,277,725
Accrued interest receivable	518,863	730,703
Inventory	60,856	75,926
Prepaid expenses	106,944	69,998
	<u>2,605,821</u>	<u>3,447,658</u>
INVESTMENTS APPROPRIATED FOR		
FUTURE HARBOUR IMPROVEMENTS (note 2)	9,425,200	12,200,000
FIXED		
Land, docks and harbour improvements	36,291,010	33,723,967
Buildings	7,780,042	6,092,153
Equipment and vessels	4,577,825	4,312,921
	<u>48,648,877</u>	<u>44,129,041</u>
Accumulated depreciation	18,730,879	17,667,950
	<u>29,917,998</u>	<u>26,461,091</u>
Capital development in progress	3,685,209	2,532,000
	<u>33,603,207</u>	<u>28,993,091</u>
	<u>\$45,634,228</u>	<u>\$44,640,749</u>
LIABILITIES		
CURRENT	1987	1986
Accounts payable and accrued liabilities	\$ 584,677	\$ 1,482,094
Current portion of long-term debt	50,000	132,740
	<u>634,677</u>	<u>1,614,834</u>
LONG-TERM (note 3)		
Debentures payable —		
Government of Canada, 4-1/8%, to be redeemed		
before the year 2005	625,000	675,000
Loan payable —		
Government of Canada, due December 31, 1987,		
semi-annual instalments of blended principal		
and interest		
at 5-9/16%	—	40,597
at 6-1/16%	—	42,143
	<u>625,000</u>	<u>757,740</u>
Current portion	50,000	132,740
	<u>575,000</u>	<u>625,000</u>
TOTAL LIABILITIES	<u>1,209,677</u>	<u>2,239,834</u>
CAPITAL		
GENERAL CAPITAL	34,999,351	30,200,915
RESERVE FOR FUTURE HARBOUR		
IMPROVEMENTS (note 2)	9,425,200	12,200,000
	<u>44,424,551</u>	<u>42,400,915</u>
	<u>\$45,634,228</u>	<u>\$44,640,749</u>

STATEMENT OF GENERAL CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for 1986)

	1987	1986
GENERAL CAPITAL — BEGINNING OF YEAR	\$30,200,915	\$27,130,663
FEDERAL GOVERNMENT GRANTS	—	1,635,233
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	2,023,636	1,885,019
RESERVE FUNDS UTILIZED FOR HARBOUR IMPROVEMENTS	2,774,800	—
	<u>34,999,351</u>	<u>30,650,915</u>
ALLOCATION TO RESERVE FOR FUTURE HARBOUR IMPROVEMENTS	—	450,000
GENERAL CAPITAL — END OF YEAR	<u>\$34,999,351</u>	<u>\$30,200,915</u>

STATEMENT OF REVENUE AND EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for 1986)

	1987	1986
REVENUE		
Operating revenues	\$ 6,772,710	\$ 6,193,204
Sundry income	1,176,723	1,219,077
	<u>7,949,433</u>	<u>7,412,281</u>
EXPENSES		
Operating expenses	2,905,562	2,641,154
Depreciation of docks, buildings and equipment	1,144,930	1,189,324
TOTAL OPERATING EXPENSES	<u>4,050,492</u>	<u>3,830,478</u>
GROSS OPERATING MARGIN	3,898,941	3,581,803
ADMINISTRATIVE, OFFICE AND GENERAL EXPENSES	1,845,570	1,655,624
INTEREST ON LONG-TERM DEBT	29,735	41,160
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 2,023,636</u>	<u>\$ 1,885,019</u>

AUDITORS' REPORT

To the Hamilton
Harbour Commissioners

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1987 and the statements of revenue and expense, general capital and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. Our audit complies with the provisions of The Hamilton Harbour Commissioners Act.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1987 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Hamilton, Ontario,
April 16, 1988.

PANNELL KERR MACGILLIVRAY
CHARTERED ACCOUNTANTS.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) Revenue and expense are accounted for on the accrual basis.
- (b) Fixed Assets and Depreciation —
Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at a rate designed to amortize the cost over the useful life of the asset:
Docks and improvements — 2%, 5%, 10%, 20%
Buildings — 2-1/2%, 5%, 10%, 20%
Vessels and equipment — 10%, 15%, 20%
- (c) Inventory —
Inventory is recorded at cost determined on a first-in, first-out basis, with appropriate provision for obsolescence.
- (d) Grant Recognition —
Capital grants are recorded, when receivable, as an increase in General Capital.

2. RESERVE FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners utilized \$2,774,800 of the reserve for future harbour improvements towards the cost of land, buildings and harbour development. The balance of the reserve, amounting to \$9,425,200, is set aside for future capital expenditures including the development of piers 26 and 27 — Eastport Development. The reserve funds are invested in treasury bills. In 1987, the Commissioners approved a five-year capital budget in the aggregate amount of \$24,797,000.

3. LONG-TERM DEBT

The amount of repayments on the long-term debt due within the next five years is as follows:

1988 —	\$50,000
1989 —	\$50,000
1990 —	\$50,000
1991 —	\$50,000
1992 —	\$50,000

STATEMENT OF CHANGES IN CASH RESOURCES

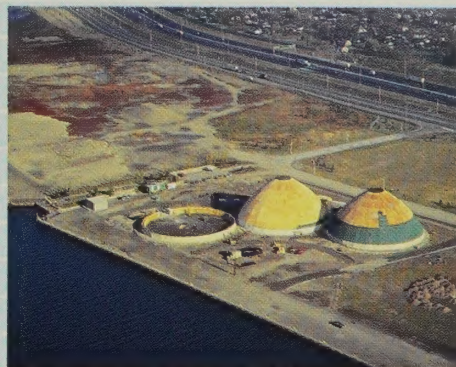
FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for 1986)

	1987	1986
CASH DERIVED FROM OPERATIONS		
Excess of revenue over expense	\$ 2,023,636	\$ 1,885,019
Add (deduct) non-cash items —		
Depreciation	1,144,930	1,189,324
Net (gain) loss on fixed asset disposals	(30,767)	(16,076)
Working capital derived from operations	3,137,799	3,058,267
Decrease (increase) in working capital —		
Accounts receivable	1,035,161	148,009
Accrued interest receivable	211,840	16,727
Inventory	15,070	2,693
Prepaid expense	(36,946)	(9,626)
Accounts payable	(897,417)	(711,379)
	<u>3,465,507</u>	<u>2,504,691</u>
CASH DERIVED FROM (APPLIED TO) INVESTING ACTIVITIES		
Fixed asset acquisitions	(5,755,047)	(3,215,189)
Proceeds on disposal of fixed assets	30,768	41,578
	<u>(5,724,279)</u>	<u>(3,173,611)</u>
CASH DERIVED FROM (APPLIED TO) FINANCING ACTIVITIES		
Repayments of long-term debt	(132,740)	(208,688)
Government grants	—	1,635,233
Investments utilized (appropriated) for harbour improvements	2,774,800	(450,000)
	<u>2,642,060</u>	<u>976,545</u>
INCREASE IN CASH RESOURCES	<u>383,288</u>	<u>307,625</u>
CASH RESOURCES (DEFICIENCY) — BEGINNING OF YEAR	293,306	(14,319)
CASH RESOURCES — END OF YEAR	<u>\$ 676,594</u>	<u>\$ 293,306</u>

THE YEAR IN REVIEW

The Port's expansion at East Port in 1987 welcomed its first tenants, Agrico Canada Limited and Red-D-Arc Limited, the both of whom commenced construction on Pier 25. The East Port Marine & Industrial Park was officially proclaimed open on October 15, 1987. When completed East Port (Piers 25-27) will provide an additional 125 acres (50.6 hectares) to the Port's operations and facilities.

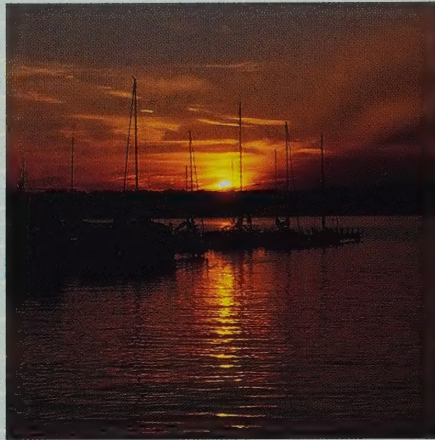


During the 1987 shipping season 820 ships sailed into the Port of Hamilton. The Harbour Commissioners also operate the Marine Dockyard facility providing docking and services to pleasure boaters.



Diversity of overseas cargoes moving over the docks reflect the markets serviced by the Port of Hamilton. Agricultural and project cargoes, machinery, containers, mining equipment, and steel in all shapes and sizes were shipped during the 1987 navigation period.





THE PORT OF HAMILTON is an international shipping centre on the St. Lawrence Seaway System. The port and the industries which it serves have contributed to the economic vitality and growth of Canada.

Marine transportation has and will continue to play a major role in the movement of economically important products and commodities and the Port of Hamilton looks forward to the challenges that this dynamic industry will bring in the future.

The port will meet these challenges by adapting and managing the port as a national resource that facilitates service and opportunity to those segments of the community that must rely on having an efficient transportation system to ensure the delivery and supply of vital materials and goods.



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